

Message Text

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E.O. 11652: N/A
TAGS: EFIN, IT
SUBJ: GERMAN GOLD LOAN INCREASE

1. ITALY HAS DRAWN ABOUT AN ADDITIONAL \$200 MILLION ON THE
BUNDESBANK GOLD LOAN BECAUSE OF RECENT INCREASES IN THE MARKET
PRICE OF GOLD.

2. ACCORDING TO THE CONDITIONS OF THE GOLD LOAN AGREEMENT,
THE VALUE OF ITALY'S GOLD COLLATERAL MUST BE RECALCULATED
EVERY THREE MONTHS ON THE BASIS OF 80 PERCENT OF THE MARKET PRICE
OF GOLD DURING THE PRECEDING 30 MARKET DAYS. AT THE TIME THE
NEW LOAN AGREEMENT WITH THE BUNDESBANK WAS CONCLUDED IN
SEPTEMBER, THE ITALIAN COLLATERAL OF ABOUT 17,5 MILLION OUNCES
WAS VALUED AT ABOUT 80 PERCENT OF \$110 PER OUNCE. NOW THE
RELEVANT PRICE IS 80 PERCENT OF \$127 PER OUNCE.

3. THE LOAN AGREEMENT PROVIDES FOR RAISING OR LOWERING
EITHER THE AMOUNT OF PLEDGED GOLD COLLATERAL OR THE AMOUNT
OF THE LOAN OUTSTANDING, ACCORDING TO WHETHER THE PRICE
OF GOLD GOES UP OR DOWN. ON THIS OCCASION, ITALY CHOSE TO
INCREASE THE AMOUNT OF THE LOAN. BEAUDRY

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